

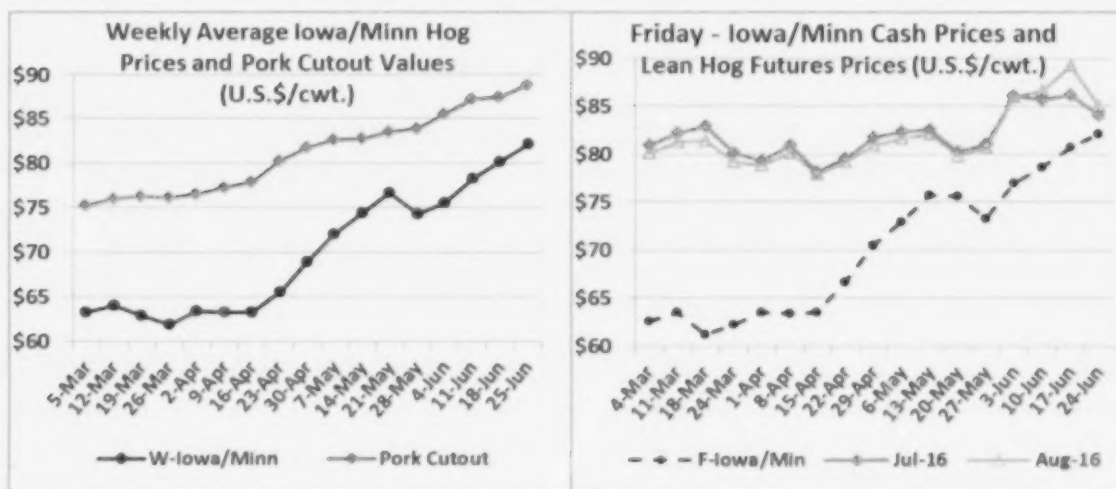
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Weekly Hog Report

June 27, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged higher early last week before declining Friday; to help prices end higher, week-over-week. Hog prices on Friday June 24 averaged US\$82.03 per cwt, up US\$1.33 per cwt or 1.6 per cent from US\$80.70 per cwt the previous Friday. The negotiated base price last week averaged US\$82.12 per cwt, up US\$1.99 per cwt or 2.5 per cent from US\$80.13 per cwt the previous week. Weekly cash hog prices were higher as pork cutout values edged higher.



Source: LMIC

Source: LMIC, CME

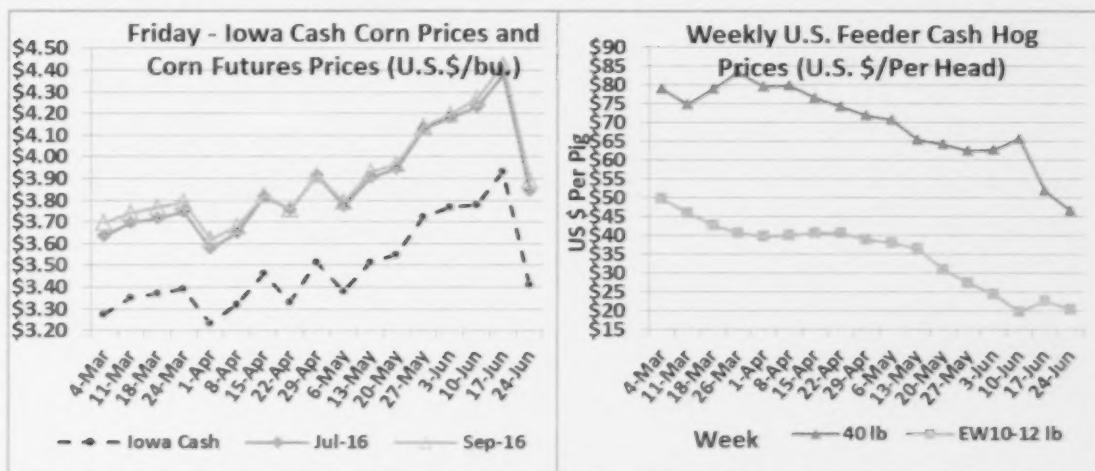
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 24, 2016 was \$192.86 per ckg, down \$1.19 per ckg or 0.6 per cent from \$194.05 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged \$191.85 per ckg, up \$3.81 per ckg or 2.0 per cent from the previous weeks' average price of \$188.04 per ckg. The Canadian dollar was lower last week following the decision for Great Britain to exit the European Union. The Canadian dollar closed Friday at 76.93 cents, down 0.72 cents from 77.65 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were primarily lower over the week to end the week down, week-over-week. The nearby July contract moved US\$2.125 per cwt lower to settle Friday at US\$84.050 per cwt, while the August contract declined US\$4.200 per cwt to settle Friday at US\$84.975 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were lower last week. Weighted average cash prices for iso-weans (12lb) last week were US\$20.27 per head, down US\$2.31 per head from US\$22.58 per head the previous week. Feeders (40lb) averaged US\$46.53 per head, down \$5.23 per head from US\$51.76 per head, the previous week.



Source: LMIC

Source: Iowa Agriculture, CME

U.S. corn prices dropped significantly from the previous week. Iowa cash corn prices declined 52 cents last week to settle Friday at US\$3.41 per bushel. U.S. daily corn futures prices were lower over the week with big declines Monday and Tuesday to end the week significantly lower, week-over-week. The July 2016 corn contract declined over 53 cents to settle Friday at US\$3.84 ½ per bushel, while the September 2016 corn contract declined almost 54 cents to settle Friday at US\$3.89 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 25 were estimated 2.103 million head, down 2.6 per cent from 2.160 million head the previous week, and down 1.8 per cent from 2.141 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending June 25 averaged 2.062 million head per week, down 3.1 per cent from 2.128 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 18, 2016 were estimated at 390,565 head, down 0.9 per cent from 394,061 head the previous week, and down 1.9 per cent from 397,973 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 382,411 head, down 0.6 per cent from 384,630 head over the same period in 2015. Year-to-date, hogs slaughtered in Canada in 2016 have totaled 9,816,341 head, up 2.1 per cent from 9,612,892 head over the same period in 2015.

Meat Production

U.S. pork production for the week ending June 25, 2016 was estimated at 446.3 million lb., down 2.7 per cent from 458.7 million lb. the previous week, and down 1.3 per cent from 452.0 million lb. the same week a year ago. Pork production over the last four week's ending June 25 was estimated to average 438.0 million lb., down 3.0 per cent from 451.7 million lb. over the same four week period a year ago.

U.S. beef production for the week ending June 25 was estimated at 491.8 million lb., up slightly from 490.8 million lb. the previous week, and up 7.6 per cent from 457.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 18, 2016, was estimated to average 2.011 billion lb., up 4.1 per cent from 1.933 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.6 per cent compared to the same period in 2015.

United States Weekly Meat Production

(June 18) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	438.4	442.1	0.8%	0.2%
Beef	439.8	467.9	6.4%	4.3%
Chicken	939.8	972.2	3.4%	2.9%
Turkey	114.9	129.1	12.4%	2.7%
Total	1,932.9	2,011.3	4.06%	2.57%

Source: LMC

Cutout Values

U.S. national pork cutout values for the week ending June 25, 2016 averaged US\$88.77 per cwt, up 1.5 per cent or US\$1.31 per cwt from US\$87.46 per cwt the previous week, and up 6.8 per cent from US\$83.10 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending June 25, 2016 averaged US\$216.82 per cwt over the week, down 3.9 per cent or US\$8.71 per cwt from US\$225.53 per cwt the previous week, and down 14.7 per cent from US\$254.31 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending June 25, 2016 averaged US\$119.48 per cwt, up 0.7 per cent from US\$118.69 per cwt the previous week, but down 16.5 per cent from US\$143.159 per cwt the same week a year ago.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on June 24, 2016. The United States' pork stocks in cold storage totaled 612.7 million lb. on May 31, 2016, down 6.5 per cent from 655.3 million lb. on May 31, 2015, and down 3.9 per cent from 637.3 million lb. on April 30, 2016.

The U.S. beef stocks in cold storage totaled 446.7 million lb. on May 31, 2016, down 5.9 per cent from 474.6 million lb. on May 31, 2015, and down 1.4 per cent from 453.1 million lb. on April 30, 2016.

Total pork, beef, chicken and turkey in cold storage on May 31, 2016 were at 2.318 billion lb., above the ten year average for May, but still below maximum highs for May and the highs of 2.4 billion lb. in September 2015.

United States Stocks in Cold Storage (Frozen)

1,000 Pounds			
Commodity	31-May-2015	30-Apr-2016	31-May-2016
Pork	655,301	637,320	612,715
Beef	474,607	453,099	446,708
Chicken	739,389	804,954	803,226
Turkey	441,388	398,719	455,162
Total Combined	2,310,685	2,294,092	2,317,811

Source: NASS

USDA Hogs and Pigs Report

USDA released the *June Hogs and Pigs Report* on June 24, 2016. Total U.S. hog inventory numbers as of June 1, 2016, was estimated at 68,381 million head, up 1.8 per cent from 67,165 million head on June 1, 2015, and up 1.3 per cent from 67,474 million head as of March 1, 2016. The total annual inventory increase of 1.8 per cent was higher than the estimated average 0.6 per cent increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of June 1, 2016, was estimated at 5,979 million head, up 0.9 per cent from 5,926 million head on June 1, 2015, but down slightly from 5,980 million head on March 1, 2016. Trade analysts had estimated for a small breeding herd increase of 0.4 per cent, year-over-year.

Market herd inventory numbers in the United States as of June 1, 2016, was estimated at 62,402 million head, up 1.9 per cent from 61,240 million head on June 1, 2015, and up 1.2 per cent from 61,664 million head from March 1, 2016. Trade analysts were estimating market inventory numbers to increase by 0.6 per cent which was far less than the 1.9 per cent reported by USDA. The largest annual increase was in the under 50 lb. weight category which increased 2.5 per cent from June 1, 2015. The March 2016 market hog inventory numbers were revised 1.4 per cent lower from the March USDA report.

United States Hog Inventory Numbers, (1,000 head)

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Mar.-June	YY(June)
All Hogs & Pigs	67,776	67,399	67,165	69,185	68,869	67,644	68,381	1.09%	1.81%
Kept for breeding	5,939	5,982	5,926	5,986	6,002	5,980	5,979	-0.02%	0.89%
Market	61,838	61,418	61,240	63,200	62,867	61,664	62,402	1.20%	1.90%
Market Hogs									
Under 50 lbs	19,801	19,454	19,365	20,741	20,008	19,382	19,846	2.39%	2.48%
50-119 lbs	17,366	17,129	17,461	18,496	17,262	17,263	17,848	3.39%	2.22%
120-179 lbs	13,000	13,580	12,985	12,855	13,340	13,744	13,141	-4.39%	1.20%
180 lbs & Over	11,671	11,255	11,429	11,108	12,256	11,274	11,566	2.59%	1.20%

Source: June 24, 2016 USDA Hogs & Pigs Report

Sow farrowing numbers for the March-to-May 2016 period totaled 2.896 million head, a 1.5 per cent increase from 2.854 million head farrowed the same quarter a year ago, and over one percent higher than was estimated in the March USDA report. Trade analysts were estimating a small decline in farrowing numbers for the March-to-May period.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
Thousand Head				Thousand Head		
Quarter	2014	2015	2016	2014	2015	2016
Dec - Feb (1)	2,763	2,895	2,873	26,326	29,627	29,582
Mar - May	2,810	2,854	2,896	27,495	29,593	30,347
June - Aug	2,991	3,017	2,949 (2)	30,402	31,343	
Sept - Nov	2,994	2,929	2,896 (2)	30,633	30,848	
TOTAL	11,558	11,695		114,856	121,411	

(1) December preceeding year.

(2) Farrowing Intentions.

Source: USDA Hogs and Pigs Report, June 24, 2016.

USDA reported farrowing intentions for the June-to-August 2016 period were estimated at 2.949 million head, a 2.3 per cent decline from 3.017 million head the same quarter a year ago and close to the trade estimates. The reported USDA September-to-November 2016 farrowing intentions were estimated at 2.896 million head, a 1.1 per cent decline from 2.929 million head the same quarter a year ago. Trade analysts were however estimating an increase in farrowing numbers of just 0.9 per cent for the period.

USDA estimated the March-to-May 2016 pig crop at 30.347 million head, a 2.5 per cent increase from the same quarter in 2015, and well above the 0.6 per cent increase in pig crop estimated by the trade analysts.

The *USDA Hogs and Pigs Report* numbers in general were higher than the average trade analyst numbers. Market hog inventory numbers were almost two per cent higher, year-over-year, compared to trade analyst estimates which were less than one per cent. The March-to-May 2016 farrowing numbers and pig crop numbers were well above the trade analyst estimated numbers. The *USDA Hogs and Pigs Report* will likely be viewed as negative or bearish by the market as the latest pig crop numbers were larger than expected and will bring more United States hog and pork supply onto the market this fall.

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